

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**October 17, 2000**

<b>IN RE:</b>	)	
	)	
<b>BELLSOUTH TELECOMMUNICATIONS, INC.'S</b>	)	<b>DOCKET NO.</b>
<b>TARIFF TO OFFER CONTRACT SERVICE</b>	)	<b>00-00373</b>
<b>ARRANGEMENT (TN 00-0796-00)</b>	)	

---

**ORDER GRANTING APPROVAL OF BELLSOUTH  
CONTRACT SERVICE ARRANGEMENT (TN 00-0796-00)**

---

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on June 20, 2000 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN 00-0796-00 ("CSA"). BellSouth filed Tariff No. 00-00373 on May 8, 2000, with a proposed effective date of June 7, 2000.

This matter first came before the Authority at a regularly scheduled Authority Conference on June 6, 2000. During the Conference, the Authority recognized that the termination provisions in this CSA were inconsistent with those in the *Proposed Settlement Agreement* submitted in Docket No. 00-00170.<sup>1</sup> As a result, the Directors unanimously voted to suspend the tariff until the next Authority Conference and required

---

<sup>1</sup> *Petition to Require BellSouth Telecommunications, Inc. to Appear and Show Cause That Certain Sections of Its General Subscribers Services Tariff and Private Line Services Tariff Do Not Violate Current State and Federal Law*, Docket No. 00-00170, *Proposed Settlement Agreement*, at 2 (filed May 9, 2000).

BellSouth to inform its customer of the termination provisions in the *Proposed Settlement Agreement* and to obtain a response from the customer.

The Directors next considered this matter at a regularly scheduled Authority Conference on June 20, 2000. Instead of providing the Authority with a response from the customer, BellSouth presented a proposal. Pursuant to this proposal, the Authority would approve the CSA and, upon the Authority approving the *Proposed Settlement Agreement*, BellSouth would notify the customer in writing that, in the event of early termination of the CSA, BellSouth waives any right to collect termination charges higher than the lesser of the CSA termination provisions or the *Proposed Settlement Agreement* termination provisions. After a lengthy discussion of this proposal and other alternatives,<sup>2</sup> a majority of the Directors voted to accept BellSouth's proposal as presented and approve the CSA.<sup>3</sup>

Based upon careful consideration of the tariff filing and the attachments thereto, the majority finds and concludes:

1. This CSA provides a waiver of non-recurring charges for MegaLink service. MegaLink service, commonly referred to as T1.5 service, is a dedicated private

---

<sup>2</sup> Chairman Malone suggested that the Authority add a third element to BellSouth's proposal. Specifically, he suggested that, in the event the *Proposed Settlement Agreement* failed, BellSouth should agree to accept the lesser of the termination charges calculated under the CSA or under the termination provisions that would result, if any, from the show cause proceeding. In addition, Chairman Malone suggested that the Authority adopt the termination provisions approved in Docket No. 00-00372 thereby limiting BellSouth's recovery to the repayment of discounts received during the contract limited to twelve (12) months.

<sup>3</sup> Directors Greer and Kyle have consistently voted to approve this specific service type of CSA. Director Greer has voted to approve such CSAs because they benefit consumers and comply with BellSouth's tariffs. Director Kyle has stated on the record that the CSAs she votes to approve are a benefit to the consumer who is receiving lower rates and are not harmful to competition. Chairman Malone voted to deny this CSA consistent with both his reasoning and his votes against approval of similar specific service CSAs. Chairman Malone opined that, given the route that the *Proposed Settlement Agreement* has taken, there is a substantial likelihood that this customer, who is not currently bound by a buyout provision, will be bound by a one-hundred percent (100%) buyout provision. In addition, Chairman Malone stated that the excessive buyout provision restrains the customer from accepting a lower rate offered by a BellSouth competitor.

line service that provides high-speed data transport at a speed of 1.544 Mbps. MegaLink also provides customers with the availability of twenty-four (24) voice grade lines for communications.

2. The term of this CSA is twenty-four (24) months.

3. If the customer disconnects the service prior to the expiration of the CSA, the termination provisions require the customer to repay the nonrecurring charges previously waived and contract preparation fee of \$508.00. If the customer cancels the CSA prior to the end of the term, the termination provisions require the customer to pay BellSouth the remaining monthly recurring contract payments for MegaLink service.

4. BellSouth provided an addendum executed by the customer stating that the customer was aware of competitive alternatives available to it in Tennessee and that the customer and BellSouth have agreed on the termination provisions and that the termination charges represent a reasonable estimate of BellSouth's damages in the event of termination.

5. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. This data indicates that BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

6. No parties sought to intervene in this docket.

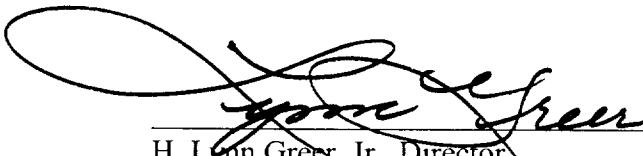
**IT IS THEREFORE ORDERED THAT:**


BellSouth Telecommunications, Inc.'s Tariff No. 00-00373, which seeks approval of Contract Service Arrangement No. TN 00-0796-00, is hereby granted, subject to the following condition: If the Authority approves and accepts the *Proposed Settlement*

*Agreement* in Docket No. 00-00170, BellSouth shall immediately notify the customer in writing that, in the event of early termination by the customer, BellSouth waives any right to collect termination charges in excess of the lesser of the charges calculated under the CSA termination provisions or the *Proposed Settlement Agreement* termination provisions.


\* \* \*

\_\_\_\_\_  
Melvin J. Malone, Chairman

  
\_\_\_\_\_  
H. Lynn Greer, Jr., Director

  
\_\_\_\_\_  
Sara Kyle, Director

ATTEST:

  
\_\_\_\_\_  
K. David Waddell, Executive Secretary

\* \* \* Chairman Malone voted against approval of this specific service CSA.